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WHA/CAR FOR JOSLYN MACK-WILSON
FOR BARBARA BRERETON, OPIC INVESTMENT FUNDS

E.O. 12958: N/A

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SUBJECT: Embassy Nassau Response to OPIC-Supported Global Renewable
Energy Investment Fund

REFTEL: STATE 095170

11. (U) The following information is provided in response to the
questions posed in reftel paragraph 5.

1) The need for renewable energy capital in the Bahamian Market:

The Bahamas is an archipelago with substantial potential wind, solar and wave/current energy resources that are well suited to Renewable Energy (RE) sector development. Its unique geography consists of over 700 islands and 2000 cays - 24 of which are significant population centers. The country enjoys a relatively high GDP and has a democratically-elected government which is stable and highly supportive of outside assistance for development projects. The technology sector in The Bahamas is well-developed, but small. Businesses in The Bahamas do not pay corporate taxes and established business owners tend to maintain excellent accounting records. Literacy is high and the business community is generally university educated (most have studied in the United States). The nascent RE sector in The Bahamas is gaining momentum as more Bahamians perceive RE as a potentially profitable enterprise. Customs duties for RE technology have recently been substantially reduced. These conditions make The Bahamas an ideal location as well as an excellent testing ground for the USRG fund's targeted investment program in profitable companies.

Public and private sector officials have frequently cited the need for The Bahamas to diversify its economy. RE sector development is a potential source of employment for a country where the current unemployment rate is 17 percent. An infusion of RE capital and expertise into The Bahamas for planned energy projects such as ocean thermal energy conversion, solar water heating systems, retrofitting of public buildings with RE systems, wind power assessments and biofuels generation would likely be welcomed and would boost the economy. The success of private-sector RE projects in The Bahamas may further encourage the government-owned Bahamas Electricity Corporation to adapt to this new paradigm, thereby saving the government significant amounts of capital in fossil fuel import costs.

The GCOB's National Energy Policy Committee recently released to the public its first report on the National Energy Plan. This report outlines both short and long-term strategies for incorporating Renewable Energy (RE) technologies into the traditional fossil fuel-based energy infrastructure. The report's "vision statement" explicitly promotes the development and use of RE sources and further commits to legislative reform in order to facilitate alternative energy use:

"The Bahamas will become a world leader in the development and implementation of sustainable energy opportunities, by aggressively re-engineering our legislative, regulatory and institutional frameworks; retooling our human resources and implementing a diverse range of well researched and regulated, environmentally sensitive and sustainable energy programmes and initiatives, built upon our

geographical (both proximity and diversity), climatic (sun, wind and sea), and traditional economic strengths (tourism and banking)."

2) Availability of Funds from Other Sources:

Since December 2008, the Inter-American Development Bank has supplied the GCOB with approximately \$2,030,000 in funding for sustainable energy and energy efficient projects in The Bahamas. Although substantial, the IDB representative to the Bahamas told ECONOFF that The Bahamas will need additional financial support in order to achieve all of its RE objectives over the next 10 years.

3) Local Reputation of the Prospective Fund manager:

The prospective fund manager is not known to government nor private-sector officials in The Bahamas.